

EXHIBIT F

BUDD LARNER

A PROFESSIONAL CORPORATION

COUNSELLORS AT LAW

150 JOHN F. KENNEDY PARKWAY, CN 1000

SHORT HILLS, NJ 07078-0999

973.379.4800

FAX 973.379.7734

www.buddlerner.com

Direct Dial: 973-315-4434

E-mail: JLeonard@budd-lerner.com

December 30, 2004

DEMAND FOR ARBITRATION

BY TELECOPIER AND CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Argonaut Insurance Co.
c/o Insurance Runoff Consultants
8750 West Bryn Mawr, Suite 1300
Chicago, Illinois 60631

Attention: Mr. Donald J. Buyck

Re: In the Matter of the Arbitration Between Gerling
Global Reinsurance Corp. - U.S. Branch and
Argonaut Insurance Co.
Retrocessional billings in respect of AIG and
Home Commutations
Excess Per Risk Facultative Casualty Contract
First Excess Facultative Casualty Contract
Fourth Excess Facultative Casualty Contract
First Surplus Contract
Quota Share Contract

Dear Mr. Buyck:

This firm is counsel to Gerling Global Reinsurance Corp. - U.S. Branch ("U.S. Branch"), located at 1345 Avenue of the Americas, New York, New York. U.S. Branch hereby gives notice of its intent to arbitrate against Argonaut Insurance Co. ("Argonaut") all disputed issues relating to U.S. Branch's claims for payments of outstanding retrocessional balances owed to it by Argonaut in connection with U.S. Branch's commutations with its cedents, the American International Group Companies ("AIG") and Home Insurance

BUDD LARNER
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Argonaut Insurance Co.
December 30, 2004
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Company ("Home"). The outstanding balances owed to U.S. Branch by Argonaut in respect of the AIG commutation are as follows:

<u>Contract</u>	<u>Amount</u>
Excess Per Risk Facultative Casualty Contract	\$491,048.99
First Excess Facultative Casualty Contract	\$302,863.55
Fourth Excess Facultative Casualty Contract	\$ 37,270.63
First Surplus Contract	\$ <u>96,118.81</u>
Total in respect of AIG Commutation	\$927,301.98

The outstanding balances owed to U.S. Branch by Argonaut in respect of the Home commutation are as follows:

<u>Contract</u>	<u>Amount</u>
Excess Per Risk Facultative Casualty Contract	\$ 692,471.64
Quota Share Contract	\$ 239,022.79
First Excess Facultative Casualty Contract	\$1,402,970.52
Fourth Excess Facultative Casualty Contract	\$ 26,729.75
First Surplus Facultative Casualty Contract	\$ <u>159,457.48</u>
Total in respect of Home Commutation	\$ <u>2,520,652.18</u>
Grand total in respect of both commutations	\$3,447,954.16

U.S. Branch will also seek pre-hearing security for the full amount due and an award of interest, attorney's fees and other appropriate relief.

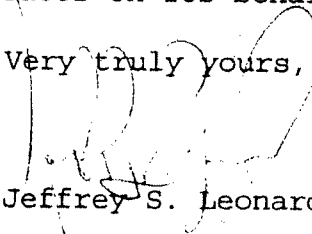
Unless Argonaut applies to stay this arbitration within twenty (20) days after service of this demand, Argonaut shall thereafter be precluded from objecting that a valid agreement was not made or has not been complied with and from asserting in court the bar of a limitation of time.

BUDD LARNER
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Argonaut Insurance Co.
December 30, 2004
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U.S. Branch hereby demands that Argonaut appoint and identify its arbitrator within thirty (30) days. In the event that Argonaut fails to appoint and identify its arbitrator within that time, U.S. Branch will appoint Argonaut's arbitrator on its behalf.

Very truly yours,


Jeffrey S. Leonard

JSL/pl:531592w

cc: Joseph J. Schiavone, Esq.
Marc I. Bressman, Esq.

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E-mail: JLeonard@budd-lerner.com

January 10, 2005

AMENDED DEMAND FOR ARBITRATION

BY TELECOPIER AND CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Argonaut Insurance Co.
c/o Insurance Runoff Consultants
8750 West Bryn Mawr, Suite 1300
Chicago, Illinois 60631

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A PROFESSIONAL CORPORATION

Argonaut Insurance Co.
January 10, 2005
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Unless Argonaut applies to stay this arbitration within twenty (20) days after service of this demand, Argonaut shall thereafter be precluded from objecting that a valid agreement was not made or has not been complied with and from asserting in court the bar of a limitation of time.

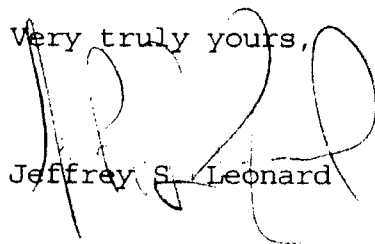
U.S. Branch hereby appoints Richard L. White as its arbitrator. Mr. White's CV is attached.

BUDD LARNER
A PROFESSIONAL CORPORATION

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Very truly yours,


Jeffrey S. Leonard

JSL/pl:531592w

Enclosure

cc: Joseph J. Schiavone, Esq.
Marc I. Bressman, Esq.
Mr. Richard L. White



Richard L. White
Certified Arbitrator

ARIAS
IMPROVING
ARBITRATION **U.S.**

Personal Information

Address: 58 Pine Blvd.
Cedar Knolls, NJ 07927

Phone: 973-292-2421

Attorney: No

Current Employment

Company: **Integrity Insurance Company in Liquidation**

Position: Deputy Liquidator - Responsible for orderly wind-up of the Estate's obligations affecting claims allowance, reinsurance collections and litigation management.

Address: 49 E. Midland Avenue
Paramus, NJ 07652

Phone: 201 634 7222

Fax: 201 262 0249

Email: deputy@licl.org

Previous Employment

Company: **The Resolution Group (a subsidiary of Talegen & Crum & Forster)**

Position: Sr. VP, responsible for establishing financial, systems, and human resources functions for insurance run-off organizations as a result of restructuring plan approved by Insurance Departments of all fifty states.

Credentials

Certified Public Accountant

Principal Areas of Insurance/Reinsurance Experience

Financial (Insurance/Reinsurance);
Commutation/Collection of Reinsurance;
Allocation of Reinsurance.

Other Information

Investment Income Chapter: Property-Liability Insurance Textbook, The College of Insurance 1984; Mealey's Insurance Insolvency: "Receivership: A Generational Commitment or Expeditious Solution", June 1, 1996; Mealey's Insurance Insolvency: "Aggiornamento: A Tonic

Years of Experience

Insurance: 13

Reinsurance: 2

Other: Insolvency for 9 years

Number of Arbitrations

As an Arbitrator: **10**

As an Umpire: **8**

Completed Arbitrations (Award Issued)

As an Arbitrator: **5**

As an Umpire: **3**

for Insolvencies", October 10, 1996; Mealey's Insurance Insolvency: "Truncation and Reinsurer Objections", May 7, 1997; Best's Review: What Am I Bid? - "An Endgame for Receiverships"; Mealey's Environmental Conference: "Insolvency Clause - "The Emperor's Old Clothes", November, 1997. Mealey's Litigation Reports: "Reinsurance; Alternatives to Estimation of Claims and Acceleration of Reinsurance Recoverables", May 6, 1999 Mealey's Insurance Insolvency Conference: "Early Closing of Insolvent Insurers." Outsourcing to Guarantee Associations, May 2-3, 1999.

Search Keywords

Professional Background

- Finance Department
- Former Insurance Company Officer
- Former Reinsurance Company Officer

Insurance

- Architects & Engineers
- Actuarial
- Agricultural
- Asbestos
- Audit
- Automobile Liability/Property
- Aviation
- Captives
- Claims
- Commutations
- Construction Defects
- Director & Officer Liability
- Disability
- Employment Practices Liability
- Excess/Surplus Lines
- Expert Witness
- Fidelity & Surety
- Financial Guarantee
- Finite Risk
- Liability
- Hazardous Waste
- Intellectual Property
- Marketing
- Professional Liability
- Program Business
- Property/Highly Protected Risk
- Retrospective Rating

Reinsurance

- Architects & Engineers
- Actuarial
- Agricultural
- Audit
- Automobile Liability/Property
- Aviation
- Claims
- Construction Defects
- Director & Officer Liability
- Fidelity & Surety
- Financial Guarantee
- Hazardous Waste
- Intellectual Property
- Professional Liability
- Program Business
- Run-Off
- Self Insurance
- Third Party Administrator
- Treaty
- Underwriting
- Workers' Compensation

- Risk Purchasing/Retention Groups
- Run-Off
- Self Insurance
- Third Party Administrator
- Treaty
- Underwriting

site by
Ecommerce Solutions, Shopping Cart Software, Web
Content Management, Internet Marketing

Barry R Keogh

12/31/04 10:14 PM

To: Rljams@Argonautgroup.com
Subject: RE: AIG and Home Commutation Balances

As discussed, Global Reinsurance Corporation- US Branch and Gerling Global Reinsurance Corporation of America have demanded resolution of these matters, also to include any balances owed respective to the CNA commutation, via arbitration. If you have not received our formal demand, as yet, direct from our counsel, please accept this correspondence as our demand for same- triggering all obligations pursuant to the contract language in our Per Risk, Excess of Loss and Clash treaty programs upon which you participate.

We are represented in this matter, which is distinct from our current pending arbitration, by Joseph Schiavone of the Budd-Larner law firm in Short Hills, New Jersey. Please advise as to your counsel in order that we may expedite an orderly proceeding.

It is unfortunate that you have not been supportive of our efforts in continuing to mitigate our mutual exposures. Your extreme approach contrasts sharply with the good faith efforts demonstrated by substantially all other reinsurers. We have firm belief in the reasonableness and due diligence we have applied, and from this day forward seek full compensation inclusive of accrued interest, our associated costs and other damages as the panel deems fit.

Regards,

Barry R. Keogh
Senior Vice President - Claims
Global Reinsurance Corporation of America
1345 Avenue of the Americas
New York, NY 10105

Direct Dial: 212 754-7574

----- Forwarded by Barry R Keogh/GGRCA/US on 12/31/2004 10:01 AM -----



"Ijams, Rhonda"
<Rljams@Argonautgroup.com>

To: <barry_keogh@ggrca.com>
cc:
Subject: RE: AIG and Home Commutation Balances

11/23/2004 12:51 PM

Received and thanks.

Rhonda Ijams
Argonaut

-----Original Message-----

From: barry_keogh@ggrca.com [mailto:barry_keogh@ggrca.com]
Sent: Monday, November 22, 2004 1:11 PM
To: Ijams, Rhonda
Subject: Re: AIG and Home Commutation Balances

Rhonda,

Attached is an exhibit that should confirm to you that the discounts Gerling achieved were of significant value to Gerling and its reinsurers.
AIG and Home represented over 40% of our historical ITD incurred loss.

Additionally, we have concluded commutations with CNA, Great American and Zurich. We anticipate concluding a significant commutation with Hartford/First State in the very near future. We are in active discussions with Allstate and Fairfax. Commutations with Travelers and Liberty Mutual are probable for 2005. Obviously, retrocession cash flow from the AIG and Home commutations is funding these other commutations. We are sufficiently funded to finance these future commutations without your support. Reinsurers who are supporting us in good faith are being given priority consideration for commutation of their remaining liabilities to us once we have commuted a significant share of our inward exposure. We will not consider commutation discussion with reinsurers that have not maintained a good faith relationship with us.

Our counsel are forwarding our response to Don Buyck's letter of 10/22/04, which essentially advised that Argonaut would not support our commutations. The purpose of my contacting you last month was to ensure that you were fully aware of, and in agreement with, your company's position which we interpret to be a total lack of support of Gerling's mutually beneficial exit strategy. Please contact me shortly should our assessment be in error.

Regards,

Barry R. Keogh
Senior Vice President - Claims
Gerling Global Reinsurance Corporation of America
1345 Avenue of the Americas
New York, NY 10105

Direct Dial: 212 754-7574

(See attached file: Actuarial Analysis Home-AIG 2001.xls)